

**Guru Gobind Singh Public School**  
**Sector V/B,B.S.City**  
**Subject :Economics**

**Std.XII**

**Level - II**

1. How is saving and investment approach derived from the Aggregate Demand and supply approach of income determination? Explain and use diagram.
2. Differentiate between Demand deposit and time deposit.
3. Differentiate between Bank Rate and Repo Rate?
4. Differentiate between Central bank and Commercial bank.
5. If a consumer has monotonic preferences, can she be indifference between the bundles(10,8) and(8,6)?
6. What is Law of Diminishing Marginal product?
7. Why TVC curve is 'inverse S' ?
8. Why the shape of Marginal Cost Curve is 'U' shape?
9. Why should MC be rising at the point of equilibrium?
10. When will there be equilibrium level of National Income?
11. If Marginal Propensity to Save is 0.3 what is the value of Marginal Propensity to Consume?
12. How do changes in bank rate affect money creation by commercial banks?
13. Explain the evolution of money.
14. Explain the circular flow of income.
15. What is meant by returns to a factor? State the law of diminishing returns to a factor.
16. Given below is a cost and revenue schedule of a producer. At what level of output is the producer in equilibrium. Give reason for your answer.

Output (units)	Price (Rs.)	Total Cost (TC in Rs.)
1	10	13
2	10	22
3	10	30
4	10	38
5	10	47
6	10	57
7	10	71

17. A firm can sell as many units of a good as it wants to sell at a given price. Prepare a schedule showing Total Revenue, Average Revenue and Marginal Revenue of such a firm. State the relation between Average Revenue and Marginal Revenue in this case.
18. Explain the effect of the following on Price Elasticity of Demand of commodity, (i) Number of substitutes (ii) Nature of the commodity.
19. Why is demand for water inelastic?
20. Show the diagrammatic derivation of C- function(C-curve) from S-function (S-curve).